



Health Services
LOS ANGELES COUNTY

April 17, 2014

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director Strategic Planning

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www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
County residents through direct
services at DHS facilities and
through collaboration with
community and university
partners.*



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TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas, Chairman
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

**SUBJECT: NOTIFICATION OF DEPARTMENT OF HEALTH SERVICES'
USE OF DELEGATED AUTHORITY TO EXECUTE AN
AMENDMENT TO AGREEMENT NO. 77265 WITH LOS
ANGELES OPHTHALMOLOGY GROUP FOR
OPHTHALMOLOGY CLINIC AND SURGICAL SERVICES
AT MARTIN LUTHER KING, JR. MULTI-SERVICE
AMBULATORY CARE CENTER**

This is to advise the Board that the Department of Health Services is exercising its remaining delegated authority, granted on April 13, 2010 (attached), to allow the Director of Health Services, or his authorized designee, to extend the term of the Agreement with Los Angeles Ophthalmology Medical Group, Inc. (LAOMG) for the provision of Ophthalmology Clinic and Surgical Services for up to two additional one-year periods and add or change certain terms and conditions, subject to review and approval by County Counsel and the Chief Executive Office (CEO) and notification to the Board.

The department is executing the last annual renewal option period in monthly increments while the parties explore strategies to maximize patient access and care in the Ophthalmology clinic. This amendment extends the term for one month until May 31, 2014, and further allows the County to extend the Agreement term for up to eleven (11) additional one month periods by providing written notice to LAOMG. The estimated average monthly cost for services is \$265,799. In addition to extending the term, the Amendment makes minor changes to certain standard provisions to conform to current Board required language.

County Counsel has reviewed and approved the Amendment as to form. The CEO has also reviewed and approved the Amendment.

If you have any questions or require additional information, please let me know.

MHK:es

Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors



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LOS ANGELES COUNTY

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John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splavin, M.D.
Interim Chief Medical Officer

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*To improve health
through leadership,
service and education*



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April 13, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST APPROVAL OF AN AGREEMENT FOR OUTPATIENT
OPHTHALMOLOGICAL SERVICES AT MARTIN LUTHER KING, JR. MULTI-
SERVICE AMBULATORY CARE CENTER WITH LOS ANGELES
OPHTHALMOLOGY MEDICAL GROUP, INC.
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Request approval of an Agreement with the Los Angeles Ophthalmology Medical Group, Inc. for the provision of Ophthalmology Clinic and Surgical Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Make a finding pursuant to Los Angeles County Code section 2.121.420 that the Ophthalmology Clinic and Surgical Services (OCSS) services at Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC) can more feasibly be performed by independent contractors, in addition to being more cost effective for personnel that are not physicians
2. Instruct the Chair to execute an Agreement with Los Angeles Ophthalmology Medical Group, Inc. (LAOMG) to provide OCSS services at the MLK-MACC, effective May 1, 2010 through April 30, 2013 with an estimated three year cost of \$9,568,740, with provision for two one year options to extend through April 30, 2015, with an estimated annual cost of \$3,189,580.
3. Delegate authority to the Interim Director of Health Services (Interim

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 APRIL 13, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Director), or his designee, to execute amendments to the LAOMG Agreement, as necessary, to extend the term of the Agreement for up to two additional one-year periods through April 30, 2015, and add and/or change certain terms and conditions in the Agreement, subject to review and approval by County Counsel and the Chief Executive Office and notification to your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will make a finding, pursuant to Los Angeles County Code section 2.121.420, that OCSS services at MLK-MACC can more feasibly be performed by independent contractors. Such finding is necessary to allow services to continue to be contracted out.

Approval of the second recommendation will authorize the Chair to execute an Agreement (Exhibit I) with LAOMG, for the period May 1, 2010 through April 30, 2013, with provision for two 1 year options to extend through April 30, 2015.

Approval of the third recommendation will authorize the Interim Director, or his designee, to amend the Agreement, if necessary, to extend the term of the Agreement for up to two additional one-year periods, and add and/or change certain terms and conditions in the Agreement during the term of the Agreement as required by your Board.

The Department determined that these physician services are subject to the terms of Proposition A (Prop A), however, the Prop A ordinance now permits contracting for physician services upon a determination that the use of an independent contractor is more feasible than the use of County employees.

These actions will ensure the continuation of OCSS services at MLK-MACC. Currently, these services are provided by LAOMG, which is slated to expire on April 30, 2010.

Under the recommended Agreement, LAOMG will provide the full range of outpatient clinical and surgical ophthalmology services, including the diagnosis and treatment of cornea and external disease, cataracts, glaucoma, and medical retina disease, as well as the provision of oculoplastic procedures, neuro-ophthalmology, and general ophthalmology at MLK-MACC. The services will be provided in the subspecialty ophthalmology clinics. Further, the contractor will have an office administrator responsible for managing the operations of the ophthalmology clinic.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The estimated annual cost for each 12-month period of the Agreement is \$3,189,580 for a total estimated three year cost of \$9,568,740. If the Department of Health Services (DHS) exercises the two option years, the estimated annual cost is \$3,189,580. Funding is included in the Fiscal Year 2009-10 Final Budget and will be requested in future fiscal years.

A cost analysis for the non-physician portion of the OCSS was prepared in accordance with Auditor-

Controller guidelines and methodologies. The Department has determined that the contract is cost effective with a cost savings of 7.28 percent (Attachment 1).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

For a number of years, ophthalmology services were provided by a combination of Charles H. Drew University of Medicine and Science (Drew) faculty members and County physicians, and also through Drew supplemental agreements and County agreements.

On January 29, 2008, your Board approved a Prop A Agreement (County Contract No. 76466) with LAOMG for the provision of OCSS services at MLK-MACC, effective February 1, 2008 through January 31, 2010. On November 10, 2009, your Board approved an amendment to the LAOMG Agreement No. 76466 to increase the maximum obligation and to extend the Agreement through April 30, 2010.

As in the individual physician agreements, the County will provide to LAOMG defense and malpractice indemnification for direct patient care provided to County patients under this contract.

The Agreement may be terminated by the contractor upon 180-calendar day advance written notice to County. County may terminate the Agreement upon a 30-calendar day advance written notice to the contractor.

County Counsel has reviewed and approved Exhibit I, as to use and form. It contains your Board's required contract provisions and includes the recently adopted Defaulted Property Tax Reduction Program Ordinance language. The Chief Executive Office Risk Manager has approved the insurance and indemnification provisions of the Agreement.

CONTRACTING PROCESS

County Code section 2.121.350 allows a contract to be made by noncompetitive negotiation if a Department determines that competition is not feasible. The DHS determined that due to the short timeframe in which to award a successor Agreement and the specialized nature of the requested services, it was not feasible to conduct a competitive solicitation process in the time before the current Agreement expired. Therefore, DHS used an alternative method to identify potential firms to engage in a noncompetitive negotiation.

On January 22, 2010, DHS released an Request for Statement of Interest (RFSI) for OCSS services at MLK-MACC. The RFSI was advertised in the L.A. County Online and DHS websites. Additionally, a notice of the RFSI was sent directly to the current provider. By the February 5, 2010 deadline to submit responses to the RFSI, only the current provider, LAOMG, submitted a response. As a result, LAOMG is being recommended for a contract to continue providing ophthalmology services at MLK-MACC.

Since the Department has experienced difficulty in recruiting ophthalmology physicians in this geographical area, DHS is requesting that the Board find the use of an independent contractor is more feasible than using County physicians.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Honorable Board of Supervisors
4/13/2010
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Approval of this Agreement will permit the Department to provide vital ophthalmology services and ensure continuity of care for MLK-MACC patients.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John F. Schunhoff". The signature is fluid and cursive, with a large initial "J" and "S".

JOHN F. SCHUNHOFF, Ph.D.
Interim Director

JFS:po

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DEPARTMENT OF HEALTH SERVICES
MLK MACC

Attachment 1

OPHTHALMOLOGY CLINIC AND SURGICAL SERVICES COST ANALYSIS
COUNTY VS CONTRACTOR COSTS
LOS ANGELES OPHTHALMOLOGY MEDICAL GROUP

Yearly Costs by Category	County	Contractor	Difference
MONTHLY STAFFING:			
<u>COUNTY</u>			
Contract Program Auditor	1		
Administrative Assistant III	1		
Ophthalmology Technicians	2		
<u>CONTRACTOR</u>			
Quality Assurance Coordinator @ 50% FTE		1	
Office Administrator		1	
Ophthalmology Technicians		2	
TOTAL STAFFING	4	4	0
DIRECT COSTS:			
ANNUAL S&EB:			
Salaries	\$ 618,391.85	\$ 754,074.56	\$ (135,682.71)
Employee Benefits 31.52%	194,917		194,917
Payroll Taxes (FICA, FUTA, SUI, ETT SDI) & Workers Compensation			
TOTAL ANNUAL S&EB	\$ 813,309	\$ 754,075 *	\$ 59,234
EQUIPMENT AND S&S:			
<u>COUNTY</u>			
<u>Annualized over 3 years</u>	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
<u>Annualized over 7 years</u>	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Misc S&S	\$ -	\$ -	\$ -
Other Direct Costs	\$ -	\$ -	\$ -
TOTAL EQUIPMENT AND S&S	\$ -	\$ -	\$ -
INDIRECT COSTS			
(General Accounting Gross Profit/Fee Mgmt Ovhd)			
TOTAL COSTS			
TOTAL COUNTY VS. CONTRACT COSTS	\$813,309	\$ 754,075	\$ 59,234

Cost Savings
7.28%

* Includes Employee Benefit Rates

**DEPARTMENT OF HEALTH SERVICES
MLK MACC
OPHTHALMOLOGY CLINIC AND SURGICAL SERVICES**

ESTIMATED COUNTY SALARY COSTS

Position	Item Number	Proposed Positions	Months	Salary Rate ⁽¹⁾	Total Salary
Contract Program Auditor	4614	1.00	36	6 107 18	\$219,858.00
Administrative Assistant III	0889	1.00	36	5,629 55	\$202,664.00
Ophthalmology Technicians	5608	2.00	36	3,020 91	\$217,506.00
TOTAL STAFFING AND SALARIES					\$640,028.00
Less: Salary Variance ⁽²⁾	3.38%				\$21,636.15
SALARIES					\$618,391.85
TOTAL NET SALARIES					\$618,391.85

⁽¹⁾ Los Angeles County Class and Salary Listing rates dated December 2009

⁽²⁾ A-C FY 09-10 Top Step Variance

**DEPARTMENT OF HEALTH SERVICES
LOS ANGELES OPHTHALMOLOGY MEDICAL GROUP**

ESTIMATED CONTRACTOR SALARY COSTS

Position	Proposed Positions	Months	Hourly Rate	Salary Rate	Total Salary
Quality Assurance Coordinator @ 50% FTE	1.00	36	\$36.25	3,135.63	\$112,882.50
Office Administrator	1.00	36	\$35.00	6,055.00	217,980.00
Ophthalmology Technicians	2.00	36	\$32.50	11,245.00	404,820.00
STAFFING AND SALARIES	4.00				\$735,682.50
Payroll Taxes & Employee Benefits @ 25%					\$18,392.06
TOTAL STAFFING AND SALARIES	4.00				\$754,074.56